

**BUILDING A MULTI-SECTORAL
RESPONSE: FOLLOW-UP
ASSESSMENT OF
PROGRAMMING FOR
CHILDREN AND FAMILIES
AFFECTED BY HIV/AIDS IN KENYA**

November 2–19, 1999

by

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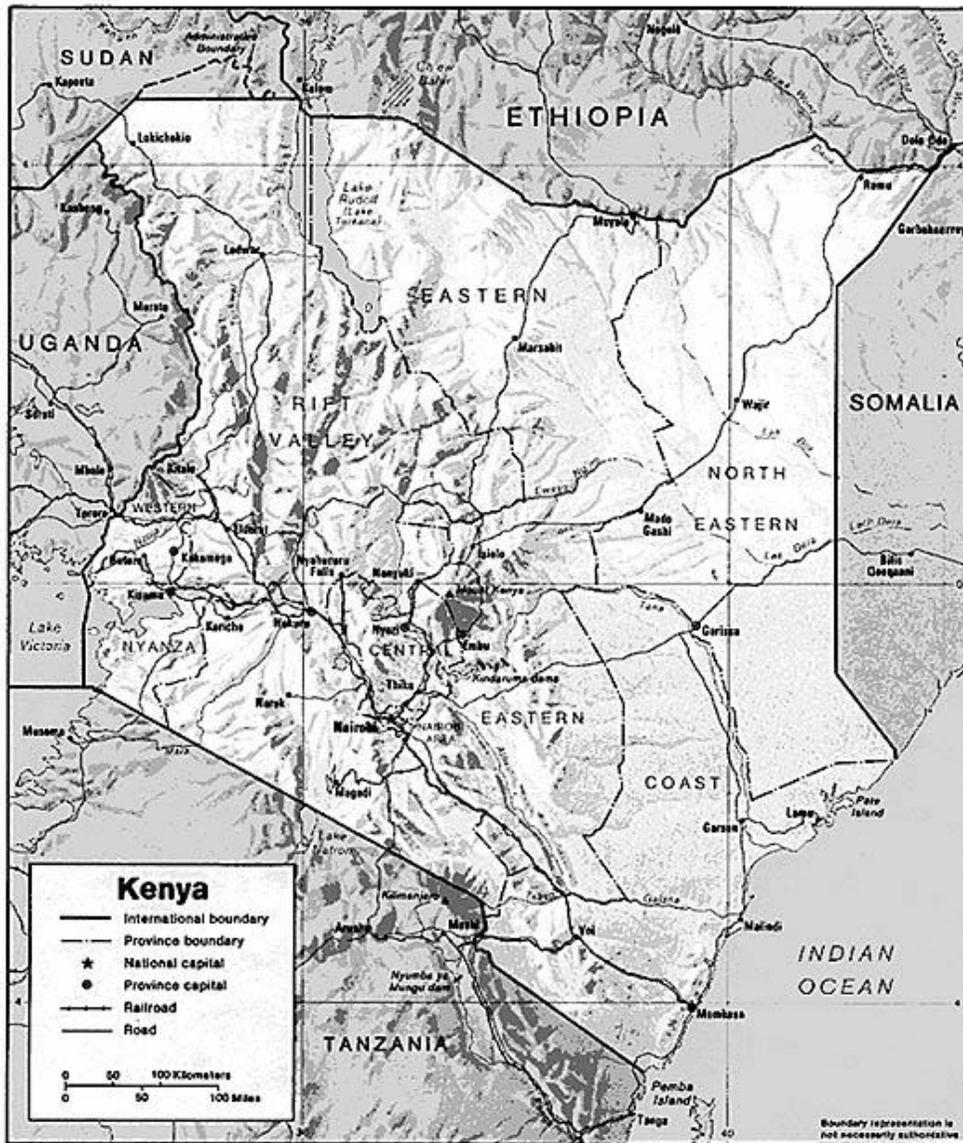
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ACRONYMS

ABEO	Agriculture, Business and Environment Opportunities
AIMS	Assessing the Impact of Microenterprise Services project
CTC	Child-to-Child Program
CBNP	Community-Based Nutrition Project
COPHIA	Pathfinder's Community-Based HIV/AIDS Prevention and Care Support Services Program
CRS	Catholic Relief Services
DANIDA	Danish International Development Agency
DCOF	Displaced Children and Orphans Fund
FSA	Financial Services Associations
HIV/AIDS	human immunodeficiency virus/acquired immunodeficiency syndrome
KREP	Kenya Rural Enterprise Promotion
KWFT	Kenya Women's Finance Trust
MFI	microfinance institution
MIP	Microenterprise Innovation Project
OPH	Office of Population and Health
OVC	orphans and vulnerable children
PATH	Program for Appropriate Technology in Health
PCA	Population Communication Africa
PSI	Population Services International
RFA	Request for Application
SMEP	Small and Micro Enterprise Promotion
SO	Strategic Objective
UNICEF	United Nations International Childrens Emergency Fund
USAID	U.S. Agency for International Development



EXECUTIVE SUMMARY

In March 1999, USAID/Kenya and UNICEF/Kenya conducted a joint assessment of the situation of families, children, and communities affected by HIV/AIDS. During the first three weeks of November 1999, members of the team returned to Kenya to follow up on issues raised in the March assessment. The purpose of their trip included the following:

- C Assist USAID/Kenya to prioritize recommendations from the March assessment and identify how and by whom they could be implemented;
- C Propose scenarios using support from the USAID/Global Bureau's Displaced Children and Orphans Fund (DCOF), including a joint community mobilization and microfinance initiative using existing USAID/Kenya cooperative agreements or grants;
- C Provide technical assistance, where requested, to develop plans to monitor and evaluate activities supported by the Supplemental Funds for Children affected by HIV/AIDS and/or other related activities.

Recommendations from the March 1999 assessment report are discussed with regard to the following activities/scenarios:

- C Those being addressed by currently funded USAID/Kenya projects,
- C Those that could be further supported within those existing projects, and
- C Those that could potentially address recommendations but would necessitate additional funding.

USAID/Kenya projects are currently accomplishing or have the potential to accomplish the following:

- C Build local capacity to address the needs of children affected by HIV/AIDS,
- C Integrate orphan and vulnerable children issues into other development programs and sectors,
- C Link prevention, care, and support activities,
- C Incorporate comprehensive adolescent programs, and
- C Identify best practices.

To strengthen household economic resources, DCOF will provide funds to support geographic overlap between microfinance institutions and Pathfinder's Community-Based HIV/AIDS Prevention and Care Support Services Program (COPHIA) activities. Thus the social, health, and economic needs of those affected by HIV/AIDS would be addressed through two operationally separate projects: one that specializes in mobilizing community support for families affected by HIV/AIDS, the other that fortifies household economic resources by providing microfinance services. The team proposed three scenarios, all of which would include use of the cooperative agreement that the Agriculture, Business and Environment Opportunities (ABEO) office has with Kenya Rural Enterprise Promotion. These scenarios include the following proposed activities:

- C Hiring liason agent(s),
- C Developing new credit or savings products,
- C Developing methodological innovations,
- C Expanding delivery of financial services where necessary, and
- C Designing and conducting an evaluation.

In FY 1999, Congress appropriated to USAID a \$10 million supplemental fund to support children affected by HIV/AIDS. Plans to monitor and evaluate projects that this topic were discussed with Catholic Relief Services (CRS) and with Pathfinder, since those projects were recipients of support from the supplemental funds and information from them will be included in a report to Congress.

Recommendations for follow-up by DCOF, USAID/Kenya, or the team members are presented.

INTRODUCTION

In March 1999, USAID/Kenya and UNICEF conducted a joint assessment of families, children, and communities affected by HIV/AIDS, and produced the report, *Children Affected by HIV/AIDS in Kenya: An Overview of Issues and Action to Strengthen Community Care and Support*. During the first three weeks of November 1999, Jill Donahue, technical advisor to the Displaced Children and Orphans Fund (DCOF), and Linda Sussman of the HIV/AIDS Division in USAID's Global Bureau returned to Kenya to follow up on the issues raised in the March assessment. The purpose of their trip (see Appendix A) was as follows:

- C Assist the USAID mission in prioritizing recommendations from the March assessment (see Appendix H for a list of recommendations from the March report) and identify how and by whom these recommendations could be implemented,
- C Propose scenarios using funds from G/PHN's Displaced Children and Orphans Fund for a joint community mobilization and microfinance initiative, and
- C Provide technical assistance to develop monitoring and evaluation plans of activities supported by the supplemental funds for children affected by HIV/AIDS.

The team conducted interviews and had discussions with key resource people (see Appendix B).

Follow Up to the March 1999 Assessment

The following are specific issues and recommendations identified in the March 1999 assessment report that USAID/Kenya could potentially address within its current activities.

Build Local Capacity

One of the objectives of Pathfinder's¹ Community-Based HIV/AIDS Prevention and Care Support Services Program (COPHIA) is to build the capacity of its local implementing partners. In addition, Pathfinder views community mobilization as the primary vehicle for COPHIA project implementation. Participatory analysis, planning, and execution are integral aspects of community mobilization. The ability to establish genuine participatory processes consistently is a skill acquired through high-quality training and technical assistance. The team supports Pathfinder's approach with the following suggestions:

- C Emphasize participatory approaches for community mobilization and engage experienced practitioners (see Appendix G for potential resources) to conduct training and provide technical assistance in the field as local implementing partners begin working in communities.
- C Incorporate participatory monitoring and evaluation approaches with local implementing partners and target communities.

Integrate Orphans and Vulnerable Children into Related Activities

1. Discussions between the Office of Population and Health (OPH - SO3) and the Office of Agriculture, Business and Environment Opportunities (ABEO - SO2) have been initiated. Follow-up can continue with DCOF funds and technical support for microfinance activities linked to Pathfinder community-based activities.
2. Pathfinder is interested in collaborating with existing community mobilization efforts in target communities. Collaboration has already begun with the Community-Based Nutrition Project (CBNP)². The team strongly recommends continued support and follow-up from OPH, Pathfinder, and CBNP staff.

¹ Pathfinder won a USAID/Kenya award grant to carry out community-based prevention, care, and support activities.

² CBNP is a Danish International Development Agency (Danida)-funded initiative implemented by the Ministry of Culture and Social Services.

3. With additional funding, the potential exists to integrate orphans and vulnerable children (OVC) activities into CBNP outside of Pathfinder target areas (See Appendix I for a description of unfunded scenarios). This approach has potential for scaling-up OVC-related activities. If additional funding is available, the team recommends that this model be implemented and evaluated.

Link Prevention with Care and Support Activities (Including Stigma Reduction)

1. Prevention and care activities could be linked through collaboration between the current Pathfinder/Population Services International (PSI) and Impact/Program for Appropriate Technology in Health's (PATH) USAID/Kenya-funded activities. This potential is supported by the following factors:
 - C Personnel in both projects recognize the value in such linkage,
 - C Regional offices are shared,
 - C Both projects are working in communities affected by HIV/AIDS,
 - C Both projects are targeting stigma reduction,
 - C The projects have different and complementary strengths, and
 - C USAID/Kenya personnel are supportive of collaboration between projects.

However, in spite of these factors, coordination between Pathfinder and Impact has not been optimal. Geographic overlap between the projects is minimal. To enhance collaboration, the team recommends the following actions:

- C Continued emphasis on collaboration from USAID/Kenya,
- C Strong support from Pathfinder and Impact management given to project personnel in identifying and pursuing collaborative activities, and
- C Collaborative development of programmatic plans at the local level by regional personnel.

USAID should consider supporting a method of facilitating this collaborative process. The team recommends that an external facilitator be engaged to assist Pathfinder and Impact personnel in addressing barriers to collaboration, recognizing strengths, and maintaining focus on their joint battle against HIV/AIDS in the communities in which they are working together.

2. Additional support (technical assistance and funding) to add a research component would afford a source of information about the relationship between prevention and mitigation of the impact of HIV/AIDS. There is an abundance of anecdotal information, but a dearth of

research to determine whether a synergistic effect exists between prevention and mitigation efforts and, if so, how the effectiveness of these efforts can be increased. The team will follow-up with potential sources for such support upon returning from Kenya.

Adolescents as Part of the Solution

The team supports a focus on adolescents within the COPHIA activities. Adolescents who are living with parents who are ill or have died are at increased risk of becoming infected with HIV/AIDS, and experience other psychosocial or economic and education impacts. The COPHIA project offers an opportunity to implement comprehensive interventions that might not only enhance HIV/AIDS prevention among adolescents, but might also provide other benefits resulting from a concerted attempt to involve youth in mitigating the impact of the disease in their communities. COPHIA can and should involve adolescents as part of the solution, providing support to each other, to younger children, and to those who are ill as a result of HIV/AIDS. In addition, a research component would provide a source of information on model comprehensive adolescent prevention and care activities. The team will investigate potential sources of such support upon returning from Kenya.

The team identified the following potential opportunities to focus on adolescents in Kenya:

- C Support of Impact/PATH peer intervention groups in Pathfinder-based communities. Access to training materials and expertise developed by PATH for peer support groups, including the document, “Options for Action.”
- C A link to the DANIDA-funded Child-to-Child (CTC) program already active in some Pathfinder communities.
- C Possible DCOF-support (see Scenario 3 under DCOF Funding Scenarios) for youth-focused income-generating activities to increase participants’ ability to care for themselves and their family and to decrease high-risk behavior.
- C Potential for COPHIA interventions to include youth in *care* (support to HIV-infected adolescents, mobilizing youth to plan and execute OVC-related activities, and/or including their needs when addressing OVC issues) and *prevention* (as peer counselors to out-of-school youth, or as role models in community-wide stigma reduction efforts).
- C Collaboration with Population Communication Africa’s (PCA) research efforts regarding the relationship between risk behavior and self-perceived risk among adolescents. Pathfinder could ask researchers to collect data in COPHIA communities³ providing data to guide development of interventions among youth in those communities.

³ FHI and PATH have previously collaborated with PCA research.

Identify Best Practices

USAID/Washington is a proponent of community-based approaches to care and support people living with HIV/AIDS and their families. Yet, the dearth of research on the cost and effectiveness of these approaches leaves donors with a lack of information to guide current and future funding decisions. COPHIA staff is supportive of conducting research in conjunction with their activities. The team recommends and will investigate additional potential sources of support to answer the following research questions in the context of COPHIA activities (see Appendix J):

1. What is the effectiveness and cost of the community-based care and support model?
2. What is the effectiveness and cost of the community-based OVC model?
3. What is the relationship between prevention and care and support?
4. What is the impact of microfinance on people living with HIV/AIDS and their families?

JOINT INITIATIVE ON COMMUNITY MOBILIZATION AND MICROFINANCE

Strategy for Economic Strengthening of Families Affected by HIV/AIDS

Depending on availability of year 2000 funds, the Displaced Children and Orphans Fund could contribute significant funds toward mitigating the economic impacts of HIV/AIDS on families and children. Mitigation of economic impacts would be achieved through a geographic overlap (Appendix F details Pathfinder and microfinance institutions' areas of geographic overlap) of microfinance and community mobilization activities in Pathfinder locations, each institution specializing in its respective technical area. DCOF's interest is based on the following information (see Appendix C for a detailed description of HIV/AIDS impact mitigation through microfinance services):

- C Families' ability to cope with the effects of HIV/AIDS and care for children depends on the households' economic resources before, during, and after the disease begins to affect them. Income generation is an activity that helps households build and protect such resources, particularly before crises occur.
- C Microfinance programs have the potential to increase poor households' incomes in a cost-effective manner. Impact evaluations show that access to credit helps households accumulate income and assets.
- C Protecting resources also increases the likelihood that households will be able to participate in community mobilization efforts and share their resources with households experiencing crises.

Pathfinder initiated a partnership during the COPHIA Request for Application (RFA) process with KMAP, an organization that specializes in business training but not microfinance. Unfortunately, the staff person who developed the partnership strategy is no longer with KMAP. Pathfinder is exploring other options—for example, identifying a new partner or engaging the services of the individual who developed the original KMAP/Pathfinder strategy.

DCOF funds can be used to ensure collaboration with a microfinance program. However, microfinance does not reach everyone who is engaged or who wants to be engaged in income-

generating activities⁴. Microfinance is not a good economic strengthening tool to assist the following groups:

- C People in advanced stages of HIV/AIDS who cannot continue business activities;
- C Adolescents who require more support than microfinance institutions give (i.e., training) or adults who have never engaged in business activities; or
- C Extremely destitute families who have already sold off all or most of their productive assets and cannot absorb any debt.

DCOF recommends that Pathfinder implement its economic strengthening activities in the following ways: (1) DCOF funds are used to ensure collaboration with a microfinance institution; (2) Pathfinder replaces KMAP partnership with Trickle Up (see Appendix F for a profile on Trickle Up. Trickle Up specializes in reaching people who microfinance misses) to address microfinance gaps; (3) Pathfinder engages (as needed) the original KMAP person (John Cheruiyot of Kicher Ltd., is an ex-KMAP person. See Appendix F for a profile and notes) to supplement Trickle Up.

As for the geographic overlap with microfinance to ensure access to savings and credit services, DCOF funds could finance the following activities:

- C Hiring liaison agents,
- C Expanding delivery of financial services in communities affected by HIV/AIDS,
- C Developing methodological innovations within microfinance credit delivery systems,
- C Developing new credit or savings products, and
- C Designing and conducting an evaluation.

Proposed Activities for Microfinance Institution and Pathfinder Overlap

Hiring Liaison Agents

A liaison agent would effectuate the linkage between Pathfinder, its partners, and the microfinance institution (MFI). This liaison agent should be placed as close to field activities as possible (district or division level). This person should be hired by and under the supervision of the microfinance institution. An illustrative list of duties follows:

⁴ The targeting issue was a subject in many debates during this TDY. For more details, see Appendix C.

- C Track microfinance client information, i.e., how many fall into the following categories:
 - Caring for orphans;
 - Single-headed household (woman, grandparent, or adolescent);
 - Caring for chronically ill family (or extended family) member;
 - Suffering from chronic illness; or
 - Involved in Pathfinder or other community mobilization activities.

- C Interview drop out clients to determine reasons for leaving the program.

- C Identify when solidarity group members are facing legitimate household difficulties stemming from coping with the impact of HIV/AIDS that could be the precursor to repayment problems

- C Develop and implement plans to address issues identified in the above mentioned formative research.

- C Document methods that solidarity groups use to mitigate the impact of HIV/AIDS on their members and by extension the risk this poses to the microfinance institution.

- C Participate in market research of client demand for various types of new savings or credit products.

Developing New Credit or Savings Products

Assuming that evidence exists of client demand, DCOF funds could finance the development of new credit or savings products attractive to clients living in households affected by HIV/AIDS. Special attention would be devoted to savings schemes for coverage of health, medical, and educational costs and/or life and health insurance. Examples of products are as follows:

Saving Schemes for Medical Expenses and/or School Fees. Kenya Rural Enterprise Promotion (KREP), Kenya Women's Finance Trust (KWFT), and Small and Micro Enterprise Promotion (SMEP) have begun market research to develop new products along these lines. One approach is to mobilize client savings and deposit the pooled amount in an interest-bearing account. Investigating how decentralized health care systems (i.e., the Bamako Initiative) deal with prepayment of medical expenses could yield ideas for collaboration.

Insurance (Life and Health). The approach for insurance is essentially the same as for the previous savings schemes, except that pooled deposits would be made in an insurance company, rather than in an interest-bearing account.

Smaller Loans for Shorter Terms. When clients care for ill family members or becomes ill themselves, they often have to curtail their business activities. The minimum loan size may, therefore, become too large a debt for the household to absorb. Some solidarity groups in other countries have resolved this by allowing clients to take a smaller loan until they are back on track.

Developing Methodological Innovations

Such innovations would mitigate the economic impacts of HIV/AIDS on clients, and at the same time mitigate the risk that HIV/AIDS poses to the microfinance institution (see Appendix C for informal examples of potential innovations). These innovations would be based on what solidarity groups and microfinance institutions already do informally. Of particular interest would be finding methods that enhance the ability of a solidarity group to (1) maintain client retention rates, (2) protect forced savings that act as loan default funds, (3) mobilize voluntary savings, and (4) identify potential repayment problems early on to circumvent the need for extreme measures. The liaison person hired with DCOF funds would be directed to specifically look for existing examples or brainstorm with solidarity group members or loan officers to elicit their ideas.

Expanding (Where Necessary) Delivery of Financial Services

Pathfinder has chosen the divisions within which it will concentrate. Several microfinance institutions with whom USAID already has funding mechanisms are also located in those divisions. These institutions includes K-REP, KWFT, and SMEP. However, once Pathfinder identifies sites at the sub-location level, it may be necessary to slightly expand services (savings and credit) to communities that overlap with Pathfinder activities. DCOF funds could cover operational costs associated with an expansion. In urban and peri-urban sites, the microfinance institution would offer its services according to its established procedures for self-selection and forming solidarity groups.

Where expansion means expanding services to more rural areas, then the standard financial service package may not be appropriate. Fortunately, KREP and KWFT have initiated Financial Services Associations (FSAs) that respond to rural realities and promote savings mobilization (see Appendix F for a brief explanation of FSAs).

Designing and Conducting an Evaluation

Deliberately engineering overlap between microfinance and community mobilization is a new Assessing the Impact of Microenterprise Services (AIMS) project approach to mitigate the impact of HIV/AIDS. It is important to determine if such overlap actually

contributes toward impact mitigation, as well as documenting how and why it does. AIMS (a microenterprise development activity under the Microenterprise Innovation Project [MIP], Office of Microenterprise Development, Center for Economic Growth and Agricultural Development) can be a potential source of assistance to this end, as is the Institute for Development Studies at the University of Nairobi.

DCOF Funding Scenarios

Scenario 1: Full Service Microfinance

Funding Level: DCOF funds go to K-REP only.

Funding Mechanism: Amend ABEO's current cooperative agreement with K-REP.

Activities: DCOF funds are used by K-REP, in collaboration with KWFT and SMEP, to carry out proposed activities described in the section of this report entitled, "Proposed Activities for Microfinance Institutions and Pathfinder Overlap."

Geographic Overlap: **Nairobi** (K-REP, KWFT, SMEP); **Thika** (K-REP, KWFT, SMEP), **Mombassa** (KWFT, SMEP); **Kakamega** (SMEP); and **Busia** (K-REP, through Luanda branch).

Advantages: Geographic overlap in all Pathfinder projects sites; affords broader access to microfinance institution services; opportunity to gather very rich information; collaboration with other microfinance institutions.

Disadvantages: Might place too much strain on K-REP's capacity; collaboration between K-REP, KWFT and SMEP could add complications.

Scenario 2: Reduced Overlap

Funding Level: DCOF funds go to K-REP only.

Mechanism for Funding: Amend ABEO's current cooperative agreement with K-REP.

Activities: Maintain Scenario 1 activities, but drop collaboration with other microfinance institutions.

Geographic Overlap: Nairobi, Thika and Busia only.

Advantages: Less strain on K-REP, easier to design and manage activities.

Disadvantages: Less geographic overlap; limited information gathering; reduced access to microfinance institution services; lost opportunity to collaborate with other microfinance institutions (especially KWFT).

Scenario 3: Addressing the Gaps

Funding Level: DCOF funds are split among K-REP and Pathfinder.

Mechanism for Funding: Amend ABEO's existing cooperative agreement; Pathfinder's budget is amended to sub-contract with Trickle Up.

Activities: Same K-REP's activities as in Scenario 1 or 2. Trickle Up provides the following:

- C Training of trainers and technical assistance (business skills training and informal savings group development) to Pathfinder's LIPs, who work with those not reached by microfinance.
- C Grants of \$50 to \$100 for income-generating activities.

Geographic Overlap: K-REP same as #2, Trickle Up to cover all Pathfinder sites.

Advantages: Addresses needs of people not reached by microfinance institutions (especially youth).

Disadvantages: Same as Scenario 2, adds management burden on Pathfinder.

Monitoring and Evaluation

In FY 1999, Congress appropriated to USAID a \$10 million supplemental fund in support of activities focusing on orphans and other vulnerable children. Catholic Relief Services (CRS)/Kenya and Pathfinder received support through these funds and will be expected to contribute information on those activities to the report to Congress. In addition, monitoring and evaluating CRS and Pathfinder OVC activities in Kenya potentially have much to offer in the search for models and “best practices” to address the needs of children affected by HIV/AIDS. Team members discussed M&E plans with project personnel, sharing information about a conceptual framework for similar activities that is under development through USAID’s Global Bureau. Discussions will continue via e-mail with project personnel to provide technical assistance as requested and to inform them of technical discussions facilitated by the Global Bureau on monitoring and evaluating of OVC activities.

Next Steps

- C ABEO and OPH staff discusses and agrees on which DCOF funding scenario they would prefer.
- C DCOF either concurs or further negotiates with USAID/Kenya until all parties agree on which scenario will receive DCOF funds.
- C USAID/Kenya requests that KREP submit a proposal, using this report and its appendices as a conceptual framework.
- C Assuming availability of funds, DCOF Technical Advisor Jill Donahue returns to Kenya to review and fine-tune the KREP proposal. Ms. Donahue will also work with KREP, Pathfinder, and its partners, preferably through a series of roundtable discussions at the headquarter and field levels, to ensure that these organizations have a consistent understanding of how community mobilization and microfinance activities will overlap.
- C Linda Sussman will approach potential funding or technical assistance support for the scenarios in Appendix I and for research discussed in the “Issues and Recommendations - Follow Up to the March 1999 Assessment” section of this report. If sources are interested, team members will discuss possibilities with USAID/Kenya and Pathfinder. Decisions will then be made on whether to pursue these possibilities.
- C Linda Sussman will provide continued technical assistance, as requested, to Pathfinder and to CRS in monitoring and evaluation activities supported by supplemental funds. Linda will also share information with Pathfinder and CRS about results of technical discussions regarding monitoring and evaluating activities relating to children affected by HIV/AIDS.

APPENDICES

APPENDIX A - SCOPE OF WORK

November 1-19, 1999 (Linda)

November 8-19, 1999 (Jill)

Based on the February/March 1999 trip of Linda Sussman of the HIV/AIDS Division and the DCOF team, and the resulting USAID/UNICEF report, *Children Affected by HIV/AIDS in Kenya: An Overview of Issues and Action to Strengthen Community Care and Support*, this visit of Jill Donahue (DCOF) and Linda Sussman will focus on identifying opportunities for activities within a DCOF-approved framework of community-based approaches to address the needs of children affected by HIV/AIDS, including a microenterprise component.

The result of the trip should be a suggested plan of action for mission approval and for DCOF/Washington approval that would move this effort forward. The report would include the following:

- C An overview of the most relevant microfinance activities;
- C Discussions with Pathfinder on subcontracting capabilities and their willingness to oversee such an effort (also required is a review of their cooperative agreement);
- C Discussions with individual NGO's (in coordination with Pathfinder) as to their interest and capabilities in pursuing this effort, as well as their community mobilization understanding;
- C Government of Kenya and UNICEF input; and
- C A proposed timeline with actions that need to take place.

To that end the team will meet with individuals and organizations to gather input and recommendations from the field; identify expertise; and identify potential sources of project implementation.

Another part of the scope of work is to address issues and recommendations identified in the above referenced draft report. In conjunction with the mission, the team will prioritize recommendations and specifically address how and by whom they could be implemented.

Other tasks for Linda Sussman: Provide technical assistance, where requested, to develop a plan to monitor and evaluate activities supported by the Supplemental Funds for Children Affected by HIV/AIDS and/or other related activities.

APPENDIX B - CONTACTS AND ITINERARY

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SCHEDULE

Day/Date...	TIME – Contact
Wednesday Nov 3	12:00 Liz Kizzier 7:30 Liz Thomas
Thursday Nov 4	10:30 Esther Ndiangui 2:00 Neen Alrutz, Dana Vogel, Tim Takona, Esther Ndiangui, Victor Masbayi, Liz Kizzier, Wamuyu Nyoike, Debra Brosnihan, Barbara Dickerson, Grace Lusiola, Elizabeth Pisani 3:00 Grace Lusiola
Friday Nov 5	8:00 Roselyn Mutemi 8:30 Alberto Gallacchi, Mark Ayallo, Erling Larsson

	12:00 Marinus Gotink, Benter Shako 4:30 Debra Brosnihan, Wamuyu Nyoike
Monday Nov 8	9:30 Neen Alrutz 10:30 Barbara Dickerson, Elizabeth Pisani, Tim Takona 1:30 Terrance Brennan 3:00 Victor Masbayi Arrival (Jill) 9:25 pm KLM 565
Tuesday Nov 9	9:00 Lammert Zwaagstra 12:30 (Linda) Janet Heyman 2:30 Pathfinder Grace Luciola, C.K. Thube, Charles Omondi, Gilbert Magiri, Peter Kibunga
Wednesday Nov 10	8:00 Neen Alrutz 8:30 Zack Ratemo, ABEO & Neen Alrutz 10:30 IMPACT Jessica Price, Brenda Rakama, Peter Mwarogo 1:00 (Linda) Michelle Folsom
Thursday Nov 11	9:00 Feed the Children Hercules Paradiang, Gabriel Mukanga, Paul Sugut, 12:00 (Linda) Debra Brosnihan 2:00 (Jill) Pathfinder Gilbert Magiri, Charles Omondi, Peter Kibunga
Friday Nov 12	8:30 (Linda) Grace Maina, Albert Webale 9:00 (Jill) KREP bank Mr. Mutua 11:30 (Jill) SMEP Benjamin Ntungu 12:30 (Linda) Peter Kibunga 1:30 (Linda) KENWA, Grace Luciola 2:30 (Jill) Trickle Up, Janet Kiarie
Saturday 13 and Sunday 14	Sunday – Linda leaves with Pathfinder
Monday Nov 15	Linda with Pathfinder – Kakamega Gordon Nyanjom
Tuesday Nov 16	Kakamega — Sensitization meetings with Pathfinder Jessica Price Impact 7:30 (JILL) KREP Aleke Dondo, Nthenya Mule 5:15 (JILL) John Cheryiout, KICHER
Wednesday Nov 17	8:30 ABEO and OPH Margaret Brown, Zack Ratemo, Dana Vogel, Neen Alrutz, Liz Kizzier, Eugene 10:00 (Linda) Sam Kalibala, Ruth Nduati 2:00 (JILL) KWFT Rosemary Macharia
Thursday Nov 18	7:30 (Linda) Esther Ndiangui, Vctor Masbayi, Tim Takona 8:30 Mike Strong 11:00 Leo Rosendol (canceled) 9:30 (Linda) UNICEF Helena Eversole, Marinus Gotink, Deryck O. Omuodo, Judith Ennew, Tony Johnston, Alan Ferguson

	12:30 Neen Alrutz, Mike Meegan, Willie Makori Nyambati
Friday Nov 19	7:30 Mission debrief Jock Conly, Margaret Brown, Zach Ratemo, Dana Vogel, Neen Alrutz, Liz Kizzier, Esther Ndiangui, Victor Masbayi, Tim Takona, Janet Heyman, Eugene, Charles Omondi 9:00 (Linda) Melinda Wilson 9:30 (Linda) Janet Heyman 4:00 Mike Meegan, Junior Owuor Odwong Depart (Jill and Linda)

APPENDIX C - ECONOMIC STRENGTHENING

HIV/AIDS and Economic Strengthening via Microfinance

HIV/AIDS Increases Households' Vulnerability to Poverty

Experience from Displaced Children and Orphans Fund (DCOF) projects in other countries (notably Malawi and Zambia) has shed light on how HIV/AIDS can exacerbate household vulnerability to poverty. This table provides a description of varying degrees of vulnerability.

<i>MOST vulnerable</i>	<i>Vulnerable</i>	<i>SOMEWHAT vulnerable</i>
<ul style="list-style-type: none"> “ single parent caring for several children who falls ill on a regular basis (usually women who have been widowed) “ Households where both parents have died “ elderly grandparent-headed households caring for their orphaned grandchildren 	<ul style="list-style-type: none"> “ adolescent-headed households⁵ “ households headed by both parents, but where one of them is ill and in need of continuous care “ households where one caregiver has died and the family is in the process of reorganizing itself (particularly where the husband has died; the transition period could either be very brief or it could be the advent of desperate times) “ single women-headed households who have several children already, but take in more orphaned children (the degree of vulnerability varies depending on the household resources that exist when the children join it) 	<ul style="list-style-type: none"> “ households caring for extended family members who are ill “ households where no one in the immediate family is ill but who have taken in several orphans (again, the degree of vulnerability varies depending on the household resources that exist when the children join it)

⁵ Adolescent-headed households are extremely vulnerable to exploitation and to engaging in risky behavior. Economic vulnerability is less, however, if the teenager can engage in some type of business activity.

Vulnerability tends to revolve around the illness, death, and productive capacity (food or income) of primary care giving adults in a household. Households that fall in the “vulnerable” and “somewhat vulnerable” categories above are usually able to continue their income and food production roles. Typically, the level of activity is reduced in response to added burdens of caring for ill family members and/or additional children⁶. Households respond to the impacts of HIV/AIDS in the following ways:

- C Less labor intensive types of crops are grown (i.e., corn is substituted with cassava);
- C Food consumption is reduced (i.e., meat eating and number of meals);
- C Taking care of non-emergency health needs is postponed;
- C Children are taken out of school to reduce costs and to contribute to the household labor pool;
- C Households may switch to less-risky types of businesses or reduce the volume of their income-generating activities; and
- C As a crisis situation deepens, savings are liquidated, extended family and kinship ties are called on, and household assets are sold off.

Some of these responses are reversible and have only temporary consequences on the well-being of the household. Other responses are less easily reversed. Households become especially vulnerable when productive assets like land, farming equipment, and draft animals used in crop production are sold off. These types of responses are difficult to reverse and seriously undermine the ability of the family to provide for itself in the future.

In some cases, a household may try to build up its activities as opposed to reducing them, especially when its productive members are healthy. For instance, when a family is faced with absorbing more children, its response may be to diversify and intensify activities to balance the burden of additional children.

Strengthening Household Incomes Through Microfinance Institutions

A family’s ability to cope with the impact of HIV/AIDS⁷ depends a great deal on the state of the household’s economic resources before, during, and after the disease affects it. For most

⁶ Children are usually expected to contribute to the household labor pool.

⁷ Adequately caring for children in the household, absorbing orphaned children, shouldering the medical (and psychological) expenses of a family member with AIDS, or participating in community efforts to address the impact of AIDS on the community are examples of “coping with the impact of HIV/AIDS.”

households, issues related to poverty and eroding economic resources subsume the other effects of HIV/AIDS—illness does not cause poverty, but it does worsen its legacy.

Income-generating activities or microenterprises are important means by which households can build and protect such resources. Such activities are a long-standing coping strategy that many families employ to respond to crises and times of economic stress, whatever the cause.

Microfinance programs are one of the few interventions that have shown potential for increasing poor households' incomes in a cost-effective manner. Evaluations of impact at the enterprise level show that, among other things, access to credit enables businesses to survive crises. At the household level, evaluations point to income and asset accumulation. One could infer that access to credit and savings mitigates HIV/AIDS in the following ways:

- C Maintaining or increasing small but steady income flows to poor households;
- C Providing opportunities to acquire savings that are secure, easy to liquidate quickly, and able to retain their value;
- C Reducing vulnerability to loss by increasing coping mechanisms; and
- C Enabling affected households to avoid irreversible coping strategies that destroy future income earning and productive capacity.

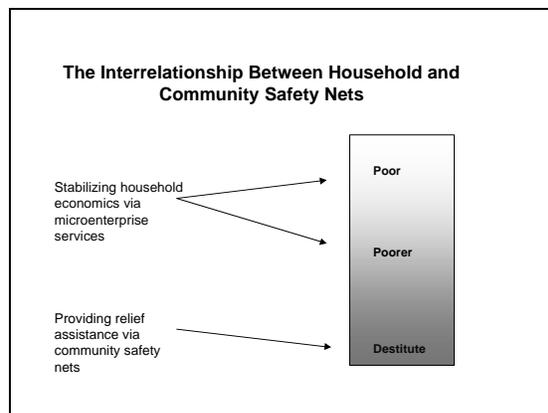
One woman in Malawi who sold fried doughnuts received a loan from the Save the Children microcredit project. The loan allowed her to move into the more lucrative business of fish trading and, with the increased revenue, build up a bit of savings. However, when her sister became ill and she had to take care of her, she went back to selling doughnuts and used her savings to make ends meet. When her sister passed away, she was still able to go back to petty fish trading.

Several members of a CARE microfinance project (PULSE) in Zambia said they joined a credit group so that they could increase their business volume or diversify their activities. They wanted to do so because someone had died or was seriously ill in their extended family and had left, or would leave, children behind. They knew that they were expected to take care of children orphaned (or about to be orphaned) because they had a business activity. They also knew they needed to prepare themselves so they could absorb this new burden.

These are very important elements in lessening the AIDS epidemic's impact on families and communities. Although access to credit may not be beneficial for those whose immediate survival is at stake, it may help households get ahead of the disease before the worst consequences arrive. Getting ahead of the disease is crucial for households already vulnerable to poverty.

Microfinance services should not be seen as an intervention that is going to pull destitute households out of poverty—particularly in communities seriously affected by AIDS. But in poor households with the capacity to carry out small income generating activities, microfinance can help smooth out the income flow, increase food security, and help cover school and health expenses.

One final aspect of strengthening household economic resources relates to the role that community members play in creating an informal safety net for those in crisis. The economic stress caused by HIV/AIDS can become so severe that engaging or continuing income-generating activities is not an option. At this point, the community's safety net role becomes critical. Friends and extended family members, neighbors, and spontaneous community self-help groups often provide relief⁸ at crucial times. Formal mobilization programs strengthen these informal



safety nets and serve to systematize spontaneous community efforts so they can be sustained. If too many families are unable to support themselves, such community safety nets can rapidly be overwhelmed, with fewer people within the community able to share their resources just when demand for such resources increases. Minimizing the number of families in need of relief therefore increases the chances that the community can maintain a safety net for its most vulnerable members.

Reaching Families and Communities Affected by HIV/AIDS via Microfinance

Targeting population groups—Where microfinance programs have become sustainable, they have done so by adhering to proven best practices. They do work in communities seriously affected by AIDS, but they do not work when an organization tries to target loans to groups that it selects to meet project goals—for example, an HIV/AIDS project where each individual is from a household affected by AIDS, is a PLWA, or a commercial sex worker. These types of groupings may work to achieve moral support, to carry out social development activities, to disseminate HIV/AIDS prevention messages, and to confront stigma issues. However, these groups are not good credit risks and are not set up to promote income-generating activities. Engineering the composition of a group can undermine solidarity and mutual confidence. It also concentrates too much risk of business failure within a single group. In an HIV/AIDS context explicit targeting to those with AIDS has increased stigma and has negative outcomes. An example is WOFAK⁹, whose members originally came together to help one another cope with their HIV status. They decided to try raising and selling vegetables to secure a source of income, only to discover that no one would buy their vegetables because of the stigma associated with HIV/AIDS.

The fact that some group members are affected by HIV/AIDS and others are not spreads the risk of business failure and inability to repay. This enhances the groups' capacities to find their own

⁸ Examples of the relief provided include moral support, food, clothes, money for medicine, help with child care or household chores, and linking a family in crisis with resources or services provided by government or nongovernmental organizations.

⁹ Women Fighting against AIDS in Kenya

solutions to these challenges. Access to financial services is highly valued among micro-entrepreneurs. It is in the interests of all the members to assist those among them who are having problems. If one person fails to repay and the group does not find a solution, no one in the group will be eligible for future loans and their savings may have to cover the default.

Nevertheless, a cross section of any self-selected solidarity group would probably reflect the HIV prevalence in the general population. It would also likely show that members are caring for orphans, are widowed, are single heads of household, or are supporting someone in their family who is suffering from AIDS and related illnesses. For example, the FINCA village-banking program in Uganda reports that 75 percent of its clients are women caring for orphans. In addition, loans offered by microcredit programs are deliberately small to attract the poorest households, who typically already engage in the types of income-generating activities most likely to benefit from infusions of small amounts of working capital afforded them through a loan. This is significant because the poorest households are also the most vulnerable to poverty and less able to prepare to withstand the impact of HIV/AIDS in their household.

It is therefore possible to reach a good portion of Pathfinder's (and USAID's) target population through the standard microfinance self-selection practice without explicit targeting. After all, it is not the **act** of targeting that is important, it is the ability to **reach and assist** the target population that is the ultimate goal.

Linking Microfinance and Community Mobilization Activities

Operationally separate but conceptually joined — Successful microfinance programs require specialized expertise. Health or social welfare personnel are not likely to be effective microfinance managers unless they have additional relevant skills and experience. Similarly, it would be difficult, at best, for an organization whose purpose is to make social welfare or health service interventions to effectively manage a sustainable microfinance program. The clash of objectives at the community level between a compassionate response to those in need and hard-nosed loan collection is difficult to manage within a single program. Operationally separate programs can coordinate effectively, however, and find ways to reinforce each other. The following are offered as possible areas for discussion:

- C *Defining the Desired Clients:* Microfinance services should be available to all households in a community that meet the criteria for participation established by the microfinance institution. The criteria should not focus solely on whether a household is dealing with the impacts of HIV/AIDS, it should instead seek to attract those who are not yet destitute but are vulnerable to poverty. Microfinance institutions direct their products toward the appropriate clients by deliberately offering small loans that are not attractive to the relatively well off.
- C *Defining the Desired Impact:* For HIV/AIDS-affected communities, the desired impact is to reduce household exposure to economic risk and improve ability to cope once a loss has occurred. The intent is to increase poor households' income-earning and investment capacities, as opposed to promoting business growth or job creation. Improved income

generation should increase households' ability to care for orphans and for chronically ill family members. Other worthwhile outcomes would be improvements in food security and children's school attendance.

C *Determining How to Monitor and Evaluate the Impact of These Programs:* Most microfinance programs do not measure impact at the household level, because doing so would add enormous costs and jeopardize future sustainability. Clients' willingness to pay for financial services is considered proof that the program has a favorable impact on them. However, for the purposes of improving AIDS impact mitigation, it is important to gauge the effect microfinance services have on household economies. For the microfinance institution, information about new products it could offer (savings schemes for medical and school fees and life or health insurance) would be useful.

C *Develop Methodological Innovation:* Learning what solidarity groups already do to mitigate the economic impacts of HIV/AIDS on their members, and at the same time mitigate the risk that HIV/AIDS poses to the MFI would be of great interest to both organizations. For example, in situations where a member becomes ill, has to care for an ill family member, or has absorbed orphaned children—especially if she heads a single-parent household—some solidarity groups decide to take the following action:

- Run the solidarity group member's business when she is too ill or overwhelmed with her patient's needs;
- Advise the member to delegate someone within her family or household to learn the business from her and run it when she is unable to do so. If the business survives, the designated family member could continue as a solidarity group member. If the ill member is the head of her household, the survival of a future source of revenue is crucial to the welfare of the rest of the household (the children in particular);
- Raise money to cover the loan so the ill member does not have to liquidate her savings to repay;
- Allow the member to take out a smaller loan if she has to reduce her business activity because of her own or a family members' illness; or
- Assist with household and child care chores so the member can attend to her business.

Management should also brief field staff about the geographical overlap. Staff should contribute their ideas on how the two programs could collaborate in mutually beneficial ways. Such initiatives should not be one-sided. The synergy of having a collaborative effort must be in the interests of both organizations.

APPENDIX D - OVERLAPPING PROJECT ACTIVITIES

Districts		Pathfinder Project Sites													
		NBI			THIKA			MOMBASSA		KAKAMEGA			BUSIA		
Divisions		Embakasi	Kasarani	Dagoretti	Thika Rural	Ruiru	Kakuzi	Likoni	Changamwe	Kabras	Shinyalu	Ikolomani	Butula	Funyula	Budalangi
Income-Generation Activities	KREP (MFI)			X	X	X	X						X*	X*	X*
	SMEP (MFI)			X		X				X	X	X			
	Feed the Children (MFI)			X											
	KWFT (MFI)			X	X	X	X	X	X	Opening an office in Kisumu, April 2000					
	TUP (Training/Grants)			X	X	X	X			Trickle Up has trained several agencies in Kisumu. Could expand to Kakamega					
Community-Mobilization Activities	IMPACT							Mombassa is an IMPACT priority site		IMPACT & Pathfinder share offices in Mumias & Webuye			Busia district is an project priority site		
	CBN (Danida and Ministry)														
	Girls Clubs (Mandaleo and AED)														
	Health (Aga Khan)														

*KREP can serve Busia divisions out of its Luanda branch office

APPENDIX E - TARGET REACH

Economic Strengthening Interventions by Target Groups

Target Population	Trickle Up: DCOF funds	MFIs: DCOF funds	Consultant: Pathfinder
PLWA not at advanced stages of AIDS			
Pre-existing IGA/previous experience		X	
No experience	X		X
Commercial Sex Workers			
Pre-existing IGA/previous experience		X	
Little or no experience	X		X
People at high risk (also youth)			
Pre-existing IGA/previous experience		X	
No experience	X		X
Families affected by HIV/AIDS*:			
Poor		X	
Poorer	X	X	X
Destitute**			
Youth (head of household or caregiver)			
Pre-existing IGA/previous experience		X	
No experience	X		X

* Could be caring for orphans or PLWA or could be a single-headed household caring for children.

** Families in this category are most likely to have already fallen through the household and extended family safety nets. Proposing an income-generating activity or trying to link them to such support may not be the most appropriate intervention. Relief assistance afforded by a community safety net that has been formally organized through a community mobilization process may be their most immediate need.

APPENDIX F - INSTITUTIONAL PROFILE AND INTERVIEW NOTES

Kenya Rural Enterprise Promotion

Comprised of two entities:

1) KREP, the bank, which provides credit and (limited) savings services throughout Kenya. Credit services are offered to individuals through solidarity groups. Solidarity group members guarantee each other's loans to avoid the need for collateral and use peer pressure to ensure repayment. Savings are required to finance a loan fund that acts as insurance against defaults.

KREP bank has an institutional-capacity-building grant from USAID/Kenya. This grant is to help the bank make the transition from a microcredit program to a bonafide microfinancial institution. The legal process has been long and difficult, but final approval by the Kenya Central Bank is imminent.

KREP's financial services overlap with the following Pathfinder project sites:

- C Nairobi District—Dagoretti division, currently serving 3,189 clients;
 - C Thika District—Thika Rural, Ruiru, and Kakuzi divisions, currently serving 3,176 clients; and
 - C Busia District—through the Luanda branch office, currently serving 1,927 clients.
- 2) KREP Holdings, LTD., which provides product research and development, training services, and technical assistance for other MFIs, and conducts impact evaluations. KREP Holdings has also designed and implemented various special projects for other donors.

KREP Holdings has a cooperative agreement with USAID/Kenya to conduct research and develop savings and other new products that KREP Bank would offer to its clients.

The DCOF technical advisor held meetings with Mr. Kimanthi Mutua at KREP bank and with KREP the NGO staff¹⁰. Personnel at both places endorsed the basic “operationally separate, but conceptually joined” approach outlined in the main report. Although KREP the bank is responsible for the delivery of financial services, it is preferable that KREP Holdings’

¹⁰ Staff included Mr. Aleke Dondo, General Manager; Ms. Nthenya Mule, Contracts Manager; and Mr. Stephen Mirero, Executive head for Special Projects

cooperative agreement be amended to manage the DCOF funds. KREP also promoted the idea of collaborating with KWFT to get coverage of the Mombassa area. They did not view it as an arrangement where KREP would be monitoring KWFT's activities, but one in which their client base would be tapped into to get an idea of demand for savings or other new products. In addition, they felt that Pathfinder should be able to make contact with KWFT to ensure that information about KWFT reached Pathfinder's target population. Finally, information about the type of clients, how they are affected by HIV/AIDS, and how having access to KWFT services mitigated such impact could be gathered among KWFT's solidarity groups.

In addition to the standard financial services of KREP bank, KREP Holdings would facilitate establishing Financial Services Associations, especially if an overlap with Pathfinder meant expanding to rural areas. Since rural clients seem to value savings over credit, FSAs are more appropriate than the standard credit services offered by KREP bank. FSAs focus more on savings than on credit although they offer both. Loan funds are capitalized with members' savings. Members of an FSA also buy shares. These resources stay within the community because the FSA is community owned and operated. Currently, 27 FSAs operate in the Taita, Kilifi, Merou, Machakos, Marsabit, Garissa, Kericho, and Kitui areas.

DCOF funds could also be used to further develop savings products. Ms. Mule has finished her initial research for savings-based products or health insurance schemes to address clients' health and medical expenses. She will be conducting the field research to determine client demand soon. Her research will occur in the Nairobi, Nakuru, Embu, Kisumu and Mombassa areas.

KREP staff also said they could address some of the gaps in outreach that standard microfinance has—particularly youth who need more support than a MFI can give them. They gave the example of a credit and training project for young women financed through the Population Council. A case study of the project is forthcoming.

Finally, to further the idea of community economic strengthening, KREP staff proposed adding a component that would integrate a sub-sector analysis approach to determine how businesses in a given area could be reinforced. Rural communities were seen as particular beneficiaries of this idea. KREP proposed this approach to investigate what supportive infrastructure could make market linkages more efficient, what information about quality or appropriate technology rural entrepreneurs lacked, or bottlenecks in the supply of inputs that, if addressed, would improve income-generating possibilities for the entire community.

Kenya Women's Finance Trust

KWFT is a subsidiary of Women's World Banking. It provides credit to solidarity groups of women in much the same way as KREP. KWFT has no grant with USAID/Kenya, but a grant is

currently under review. Nonetheless, their offices overlap with Pathfinder in the following locations:

- C Nairobi District—Dagoretti division;
- C Thika District—Thika Rural, Ruiru, and Kakuzi divisions; and
- C Mombassa District—Likoni and Chagamwe divisions.

The DCOF technical advisor met with Rosemary Macharia, Chief Program Manager. Rosemary is familiar with issues surrounding microfinance and HIV/AIDS since the advisor met with her during the March 1999 assessment on HIV/AIDS-affected families and communities in Kenya.

KWFT is heavily engaged in meeting the challenges of affording access to financial service in areas heavily affected by HIV/AIDS. It is currently arranging to move services to the South Nyanza District. It also plans to move into the Western Region by April 2000 (Kisumu). As it stands, it is providing a revolving loan as capital to the Catholic Diocese of Homa Bay. The Diocese is operating a microcredit program in that area, serving about 3,000 clients in Suba, Megori, Kechancha, and Rachunyo. It will cover Kissi from the Megori office. KWFT plans on transforming this experiment into a regional office in Homa Bay. Part of this effort involves KWFT trying to borrow ideas from KREP's FSA initiative.

Ms. Macharia said that the impacts of HIV/AIDS are glaring there and KWFT was trying to figure out what it will do to protect the institution and how to advise loan officers and solidarity groups in the case of death. It has found that the Risk Management Fund is effective up to the Rift Valley. After that, the prevalence of AIDS is much higher and KWFT believes it has to put some other type of mechanisms in place to reduce the risk of offering credit. She recounted a story of a woman's merry-go-round group in Kissi that will cover for a member on days when she can't manage to run her business. They take from her the amount of money she would have spent on her business the day she can't work and then invest it in some type of trading activity. The proceeds go to buying food for the member who cannot work. Some of the food will also be shared among those who covered for the member who is ill.

Ms. Macharia discussed how KWFT might be involved in Pathfinder. When asked about having DCOF funds added to the grant under review, she said that KWFT prefers collaboration to partnerships. In the past, when KWFT has accepted such funds, it has had trouble trying to do too many things at once and then report on them to the satisfaction of the donor. It found that the demands for information required duplicate information management systems that stretched capacity too far. Ms. Macharia would prefer to make contact with Pathfinder once it arrives in the places that KWFT operates and simply exchange information.

However, if DCOF funds were added to KREP's cooperative agreement, Ms. Macharia would welcome involvement in gathering information about KWFT clients, developing new products, and developing innovations to mitigate the impact of HIV/AIDS on clients and the institution.

For example, Ms. Macharia discussed how a liaison agent, while still the responsibility of KREP, could be assigned to carry out duties relating to information gathering, linking Pathfinder activities, and developing innovations within KWFT. Where the liaison agent's office would be placed should be a matter of negotiation between KREP, KWFT, and Pathfinder. Trying to cover from Nairobi would be too expensive, so it should be as close to Pathfinder and MFI activities as possible.

Although KWFT has no current grant agreement with USAID, it would be important to include KWFT somehow in the DCOF-funded activities by relating to mitigating the impact of HIV/AIDS via microfinance. Ms. Macharia has a firm grasp of the issues and is committed to finding out what she can about how HIV/AIDS is affecting clients and, more importantly for the institution, how to protect itself against the risk HIV/AIDS poses to it.

Small and Micro Enterprise Promotion

SMEP is the National Council of Churches in Kenya's (NCCCK) initiative in microfinance. NCCCK has decided to commit to long-term sustainability of microcredit and one of the pre-requisites was to create an entity that is separate from the church's charitable activities. SMEP has a capacity-building grant from USAID/Kenya to assist in making this transition. SMEP overlaps with Pathfinder in the following locations:

- C Nairobi District—Dagoretti division;
- C Thika District—Ruiru division;
- C Mombassa District—Likoni and Changamwe divisions; and
- C Kakamega District—Kabras, Shinyalu, and Ikolomani divisions.

The technical advisor met with Benjamin F. Nkungi, General Manager. SMEP's lending methodology is essentially the same as KREP's and KWFT:

- C Delivery of credit through solidarity groups;
- C Group guarantees replacing collateral;
- C Loans of increasing amounts given out in three-month cycles (based on good repayment in previous cycles); and
- C Loans starting at \$200 and going to \$1,200.

SMEP also has an individual loan product (the industrial loan) that starts at \$1,300. Mr. Nkungi said that one of the things SMEP will be offering is health insurance. In this scheme, clients are required to pay a minimum fee on each loan. This amount is set aside for insurance. Mr. Nkungi

says that SMEP will have enough funds set aside to link to an insurance company by February 2000.

Mr. Nkungi has noticed that SMEP solidarity groups use various techniques to mitigate the effects of death, theft, or other business catastrophes. SMEP has a loan reserve to cover loans in the case of death so the solidarity group can avoid burdening the deceased's family with repayment. Voluntary savings are encouraged, and often when a member is sick, the others in the solidarity group will pay for them. The ill member arranges with the rest of the group to reimburse them at a later time.

SMEP appears to have a sound approach and should be applauded for making the break from the NCKK's charitable projects. However, their institutional capacity is a work in progress, and outreach is still shallow. Once SMEP's capacity is consolidated, it may be able to leap forward in its outreach. However, it should probably be allowed to consolidate first before taking on the additional activities that accepting DCOF funds would require.

Trickle Up

The DCOF technical advisor met with Janet Kiarie, the Trickle Up coordinator for Kenya.

Trickle Up has been in operation since the late 1970s. Their central HQs is in New York. Trickle Up has no pre-existing funding mechanism with USAID/Kenya; however, they could replace KMAP as Pathfinder's partner to carry out business training for people with Pathfinder's communities. Trainees would ideally be those affected by HIV/AIDS but not eligible or not interested in microfinance services. Many people who are not reached by MFIs are either too inexperienced in business or operate businesses that are so weak they would not generate enough money to pay off a loan and provide for the household.

Trickle Up has a long established methodology:

- C Work with individuals identified by their community;
- C Train the identified person in business planning and other basic management skills;
- C When a viable out-business plan is submitted, Trickle Up will approve a \$50 grant; and
- C After three months, if the individual has complied with the terms for performance set out in the business plan, a second grant of \$50 is approved.

In addition, Trickle Up provides guidelines, advice, and training to informal savings groups (ROSCAS or merry-go-rounds) to improve their management capabilities and strengthen their

ability to be of service to members. Given that this approach is labor intensive, Trickle Up prefers to work through other NGOs or CBOs. An organization can apply for the Trickle Up Training of Trainers to learn the approach and the business skills. It is approved if it meets the requirements, has the capacity to absorb the TOT, and carry out activities. It overlaps with Pathfinder in the following locations:

- C Nairobi District, Dagoretti division (all projects are on the pending list to be approved by the end of the year);
- C Thika District, Thika rural, Kakuzi and Ruiru Divisions, reaching about 100 individuals; and
- C Kisumu town—represents potential overlap with Pathfinder.

Trickle Up has a good, technically sound approach, but has limited outreach. Thus far, it has assisted 312 individuals through 10 agencies. The 312 individuals come from 48 different informal savings groups. Trickle Up will reach 200 individuals by the end of 1999 and be working through 13 agencies. Their overall goal is to reach 3,000 individuals through 30 agencies.

The TUP approach is not expensive to implement; this approach costs Trickle Up about \$3,000 to support each organization they work through. Part of this amount goes for the \$50 grants; the remainder represents the costs to partner NGOs/CBOs to provide technical assistance to the individual entrepreneurs. TUP does not charge its partners for the cost of the TOT or the follow-up technical assistance they provide. These costs are covered by central funds from New York. Ms. Kiarie said that Trickle Up soon needs to be looking at how else they can cover their overhead costs.

In January they will be conducting a TOT for 30 people at a cost of KS 300,000 or \$4,000. This includes participant lodging, food, and trainer fees. Each organization can send one person to the TOT, but they are welcome to send an additional person at their own expense.

During the interview, Trickle Up staff said they would be interested in exploring a partnership with Pathfinder. They could train the Local Implementing Partners with whom Pathfinder will be working. They in turn would work with communities and individuals to support income-generation activities. Although Pathfinder already has money in the budget for sub-contracting (replacing KMAP), more may be needed to improve Trickle Up's outreach in Pathfinder project sites. A partnership with Pathfinder would provide Trickle Up with an opportunity to reach its goals.

Kicher Ltd. Business Counseling Services (Mr. John Cheruiyot)

Kicher LTD is a consulting firm that specializes in business training and consulting. Mr. John Cheruiyot is a principal consultant for Kicher and was hired briefly by KMAP to assess the needs of business affected by the U.S. Embassy bombing. When Pathfinder approached KMAP seeking a partnership to win the COPHIA grant from USAID/Kenya, KMAP asked Mr. Cheruiyot to step in and work out a strategy. When the contract was finished, Mr. Cheruiyot went back to Kicher.

Meanwhile, other people at KMAP left and Pathfinder felt it should reconsider KMAP as a partner. Mr. Thube, the Pathfinder director, suggested that Pathfinder simply purchase Mr. Cheruiyot's services on an as-needed basis.

In general, Kicher has carried out many contracts to provide business training to various levels of existing and potential entrepreneurs. An illustrative list of activities follows:

- C Training public corporation employees in better management techniques to stimulate entrepreneurship in the workplace;
- C Providing training and counseling to poor business owners within a DFID-funded poverty alleviation program (4 years);
- C Advising a microfinance institution called EBONY on its growth strategy;
- C Providing consulting services to 60 small enterprises in the Rift Valley;
- C Advising 17 retired schoolteachers in their efforts to open a private school as a business (as part of a retired civil servant re-training program);
- C Ad hoc corporate training (as needed); and
- C Setting up mentoring relationship in Nakuru between successful businesses and newly created ones.

Mr. Cheruiyot explained his ideas of what type of income-generation skills he envisioned imparting to community health workers (CHW) according to Pathfinder's original strategy. He felt that a broad-brush approach to delivering generic training to all CHWs would be a waste of time. First, CHWs should be screened to identify those who had the best potential to make use of business training. Then their training should be tailored to the work they were expected to carry out. Some ideas for what a TOT could entail follows:

- C Teaching entrepreneurs or households how to conserve and economize what income they have or earn,
- C Linking potential or existing entrepreneurs to markets or to other sources of information,
- C Mobilizing resources based on what already exists within the community, and
- C Assessing informal groups to build on their pre-existing objectives.

Mr. Cheruiyot had interesting and relevant ideas regarding the type of training that would be useful to CBW within Pathfinder's project activities. One option for Pathfinder to consider is to engage Kicher on an intermittent basis to provide training to CBWs that is complementary to what Trickle up provides. Or, given that Trickle Up will not be able to cover all sites, engaging Kicher might be an approach to try in those sites where Trickle Up will not cover.

APPENDIX G - TRAINING RESOURCES

Resources for Participatory Skills Training and Technical Assistance

1. **PAMFORK**—a network of practitioners using participatory development techniques within a variety of technical approaches. Charity Kabutha, the regional director for Winrock International, is a member of the network and can provide more information.

PAMFORK's telephone: contact Ms. Kabutha for new telephone number

Ms. Kabutha's telephone: 711590/712966 at Winrock International.

2. **PREMESS**—Suzanne Kiamba, also recommended by Charity Kabutha and Elizabeth Thomas of AED. Suzanne conducted an evaluation of AED's participatory PLA Girl's Education project with Mandeleo.

Telephone: 820082/352099

3. **Dr. Michael Meegan of ICROSS**, who is proficient in community participation in problem analysis, and activity planning and execution and his colleague at **CIDA** who is proficient in training organizations in "Management by Results" techniques.

APPENDIX H - RECOMMENDATIONS FROM THE MARCH 1999 ASSESSMENT

1. Support the Development of a National Policy Framework

UNICEF/Kenya and USAID/Kenya should collaborate with the Government of Kenya and other partners to develop and then support the government in establishing a national policy to guide the protection and care of orphans and other vulnerable children as other countries have done. To develop understanding, commitment, and support, this policy should be produced through an inclusive, participatory process of situation analysis and consensus building among key stakeholders. The process should include a systematic review of current policies and procedures in health, education, and social services to identify ways to improve access to services for HIV/AIDS-affected children and families.

2. Define Priority Issues

UNICEF/Kenya and USAID/Kenya should support activities (workshops or consultancies) that define priority issues to be addressed. Such issues might include eliminating financial barriers to basic education for all children; strengthening protection of inheritance rights of widows and orphans (both girls and boys); clarifying policy regarding HIV and breastfeeding; and improving adherence to informed consent policies, especially as they concern the testing of pregnant women and infants and the subsequent notification of HIV status.

3. Strengthen Networks

UNICEF/Kenya and USAID/Kenya should take the lead in supporting effective structures at national, district, and local levels for information exchange and collaborative planning among all key actors and across all technical sectors. At the national level, such structures would include key ministry departments, international organizations, bilateral development agencies, NGOs, religious bodies, and PLWHA organizations. The mobilization process should include stimulating and strengthening the involvement of existing networks and ensuring ongoing opportunities for key stakeholders to exchange information on issues and program activities and to identify opportunities for collaboration and mutual support.

4. Build Local Capacity

USAID/Kenya and UNICEF/Kenya should build into the programs they support measures to build local capacity in such areas as participatory approaches for community mobilization; monitoring and evaluation; and proposal writing and fundraising for CBOs, NGOs, and religious organizations providing social services.

5. Research, Data Collection, and Analysis

UNICEF/Kenya and USAID/Kenya should support the collection and use of relevant data on the status of the problem, as well as on the programs and services available, to identify districts and communities that should be given priority when allocating resources. In addition,

UNICEF/Kenya and USAID/Kenya should support the collection of data, and rapid analyses documenting the situation of children and families affected by HIV/AIDS. The two organizations should also support collection of information on trends in orphaning, coping strategies, and community support for AIDS-affected households, group income generation, psychosocial needs, and reduction of stigma and discrimination.

The 1999 Kenyan Census could provide data and the basis for reliable projections of the number of children needing assistance in each part of the country. Such projections would facilitate developing realistic strategies and planning for protection and care. USAID and UNICEF should make every effort to ensure that data on orphans is collected again this year, that the data is analyzed in a timely manner, and that the results are made available to policy makers and program planners as quickly as possible. Data collection approaches in the Kenyan Demographic and Health Surveys (DHS) could also be modified to help provide a more accurate picture of the impacts of HIV/AIDS on the orphan situation. DHS could also collect data on caregiving patterns by region, information that would aid the development of effective strategies for community development and support.

Large, centrally directed exercises to enumerate orphans are not advisable. Such exercises are expensive to develop and maintain, and no national orphan registration system has been found to be workable. Although registration may be a useful step for a local group, it can create expectations that services will follow, which leads to misrepresentation and inflated numbers.

6. Joint Initiative on Community Mobilization and Microfinance

In one or more geographic areas, UNICEF/Kenya and USAID/Kenya should collaborate in implementing and evaluating an initiative that overlaps community mobilization and state-of-the-art microfinance. The geographic area or areas should be selected using criteria developed for targeting in Kenya. The activities selected for this initiative should show strong potential for being scaled up, for effectiveness, and for operational sustainability. The budgets and baseline data for these activities should be structured so that the cost per beneficiary of each activity can be easily calculated. Such calculations should be part of the monitoring and evaluation process. The lessons learned through monitoring and evaluating this initiative should be widely disseminated through the networks described in this report. Through this initiative, USAID/Kenya and UNICEF/Kenya should determine which kinds of microfinance services most effectively strengthen household economic capacities in areas seriously affected by HIV/AIDS. USAID/Kenya's Population, Health, and Nutrition office should ensure that the staff managing the Results Package for Strategic Objective 2 (SO2) are involved in this process.

7. Integrate Orphans and Vulnerable Children's Issues into Other Development Programs and Sectors Within USAID and UNICEF

UNICEF/Kenya and USAID/Kenya should identify and pursue opportunities to incorporate protection and care for orphans and other vulnerable children into current development and HIV/AIDS activities (e.g., home-based care, health services, nutrition programs, or efforts to increase opportunities for education).

USAID/Kenya's strategic objective teams should review current and planned programs across sectors to identify opportunities to increase the protection and care of orphans and other vulnerable children. USAID/Kenya's PHN office should work with other strategic objectives and strategic framework teams to identify areas for collaboration around mitigation of the impacts of HIV/AIDS. The report includes areas for potential collaboration between mitigation of HIV/AIDS impacts and other SOs. Similarly, UNICEF/Kenya program teams should continue to review areas where programming for orphans and other vulnerable children can be integrated into regular programming, education, health, water, and sanitation.

8. Link Prevention with Care and Support Activities

USAID/Kenya and UNICEF/Kenya should each review their existing and planned care and support activities and HIV-prevention initiatives to identify opportunities for these activities and initiatives to reinforce each other. Activities should be examined for their potential to be integrated in a way that maximizes impact on both prevention and mitigation. Evaluations should be conducted to determine whether a synergistic effect exists between prevention and mitigation efforts and, if so, how the effectiveness of these activities can be increased.

9. Address Psychosocial Needs

USAID/Kenya and UNICEF/Kenya should review current and planned programs to identify ways to incorporate measures to accomplish the following:

- C Increase awareness of the psychosocial needs of children affected by HIV/AIDS among home-based care providers, other health professionals, teachers, and community leaders;
- C Increase the social integration of orphans and other children affected by HIV/AIDS within their schools, clubs, sports, recreation, and other community activities;
- C Provide training in supportive counseling to people working with children and adolescents affected by HIV/AIDS;
- C Reduce stigma and discrimination toward people with or affected by HIV/AIDS; and
- C Involve adolescents as participants and beneficiaries in programs for orphans and other vulnerable children.

10. Initiative to Reduce Stigma and Discrimination

UNICEF/Kenya and USAID/Kenya should seek the collaboration of NASCOP, KANCO, support groups of PLWHA, religious bodies, and representatives of the media to identify ways to reduce stigma and discrimination related to HIV/AIDS in Kenya, perhaps within a workshop format. Such activities should identify the consequences for individuals and the public of stigma and discrimination, examples of positive efforts, and additional actions that could be taken. UNICEF and USAID/Kenya should involve senior government officials in the workshop and

promote the wide publication of its findings. UNICEF/Kenya and USAID/Kenya should review their current and planned programs to identify opportunities to reduce stigma and discrimination related to HIV/AIDS, such as involving more groups in care and support activities.

11. Identify Best Practices

UNICEF/Kenya and USAID/Kenya should continually document and disseminate information on the best practices for mitigating the impacts of HIV/AIDS on children and families. They should collaborate with stakeholders to identify sustainable, effective approaches that can be implemented on the same scale as the problems they address. These organizations should use development and HIV/AIDS networks to disseminate findings. The RFA will provide USAID/Kenya with an opportunity to identify best practices. These organizations should give particular attention to measuring the effectiveness of interventions, the contexts and conditions in which they are effective, their relative costs per beneficiary, their sustainability, and their potential for being scaled up. Best practices would be defined as those programs that demonstrate effectiveness, potential sustainability, and the potential to be scaled up to reach large numbers of people. Finally, USAID/Kenya and UNICEF/Kenya should ensure that their project implementers include ways to collect information about best practices in their normal monitoring and evaluation procedures.

12. Monitoring Demographic Changes

USAID and UNICEF should collaborate with the Department of Children's Services and other stakeholders to develop a clearer overview of institutional care for children in the country; assess compliance with current standards and the adequacy of the standards themselves; assess the adequacy of laws and policies that guide decisions on placement, acceptance, and retention of children in residential care; review the adequacy with which the proposed Children's Statute addresses any gaps; and develop a plan to protect the best interests of children in need of care.

APPENDIX I - UNFUNDED SCENARIOS

Research of Global Significance

Questions that could be answered in the context of the COPHIA program:

- C What is the effectiveness of community-based care and support models?
- C What is the effectiveness of community-based OVC models?
- C What is the relationship between prevention and care and support?
- C Does microfinance mitigate the economic impact of HIV/AIDS on PLWA, their families, and children?
- C Is the integration of OVC activities into current community mobilization efforts an effective and efficient model for scaling-up?
- C What is the effectiveness of a model that combines prevention, care and support, and support for economic stability to youth?

Potential Mechanisms: HORIZONS, MEASURE, IMPACT, AIMS

Adolescents - Part of the Solution—a Model for Addressing the Needs of Youth in Prevention and Mitigation

A comprehensive participatory approach

Activities: Mobilization of Youth for prevention and mitigation of HIV/AIDS

Potential partners (strengths):

IMPACT (prevention, peer interventions)

Pathfinder (care and support, stigma reduction)

Child-to-Child Program (mobilization of youth)

Trickle Up (sustainable livelihood development)

PATH (training peer counselors)

Population Communication Africa (research-based design)

West Kenya Rural Development Program (design and implementation)

Potential Mechanisms: IMPACT, Pathfinder

Model for Scaling-Up Activities to Address Orphans and Vulnerable Children (OVC)

Integrating OVC activities into current community mobilization efforts

Activity:

Community Based Nutrition Program (CBNP), funded by DANIDA, and implemented by Kenya Ministry of Culture & Social Services, has mobilized communities in 13 districts.

Pathfinder would collaborate with CBNP to integrate issues related to HIV/AIDS and OVC issues that have been consistently raised by these communities.

Mechanism: Pathfinder

APPENDIX J - OPERATIONS RESEARCH

Recommendations for Support of Operations Research on Issues of Global Significance to the Mitigation of the Impact of HIV/AIDS

Background Information

- C The COPHIA project in Kenya is a community-based prevention and care project that was developed by USAID/Kenya in response to participatory discussions with a large group of stakeholders.
- C The project, managed by Pathfinder, is just beginning, having been awarded in Fall 1999.
- C COPHIA and the IMPACT project in Kenya have been strongly encouraged by USAID/Kenya to collaborate closely. (The latter project focuses on HIV/AIDS prevention.)
- C Draft recommendations from a recent TDY and possible support for the expansion of access to microfinance opportunities in COPHIA areas are being considered by the mission and by DCOF.
- C USAID/Washington, along with many other organizations and experts in the field—including UNICEF and the White House (refer to Hillary Clinton’s speech on World AIDS Day 1999) is a proponent of community-based approaches to care and support of people living with HIV/AIDS and their families.
- C There is a dearth of research to examining the effectiveness of these approaches and their cost, which leaves donors with a lack of information based on research to guide current and future funding decisions.

Research Opportunities Related to COPHIA

Because COPHIA is a community-based care and support activity that is just getting started...and

Because care and support will be provided to people living with HIV/AIDS and their families (OVC)...and

Because there are plans to coordinate activities with IMPACT, the HIV/AIDS prevention project in Kenya...and

Because the COPHIA project staff is supportive of conducting research in conjunction with their activities...

The following are research questions that could potentially be answered in the context of the COPHIA activities:

- C What is the effectiveness and cost of the community-based care and support model?
- C What is the effectiveness and cost of the community-based OVC model?
- C What is the relationship between prevention and care and support?
- C What is the impact of microfinance on PLWHA and their families?

In addition, draft recommendations from the TDY that remain unfunded are as follows:

- C Adolescents/Part of the Solution—a Model for Addressing the Needs of Youth in Prevention and Mitigation. Activities include mobilization of youth for prevention and mitigation of HIV/AIDS through multisectoral partners already conducting related work in Kenya.
- C Model for Scaling-Up Activities to Address Orphans and Vulnerable Children (OVC)- Integrating OVC activities into current community mobilization efforts. Activity: Community Based Nutrition Program (CBNP), funded by DANIDA, implemented by Kenya Ministry of Culture & Social Services has mobilized communities in 13 districts. Pathfinder could potentially collaborate with CBNP to integrate issues related to HIV/AIDS and OVC—issues that have been consistently raised by these communities.

If funding were identified to support these activities, the following are research questions that could potentially be answered in the context of the COPHIA activities, contributing to the development of (1) comprehensive models to address the needs of adolescents in terms of prevention, care and support, and livelihood sustainability; and (2) models for scaling up activities to address the needs of children affected by HIV/AIDS:

- C Is the integration of OVC activities into current community mobilization efforts an effective and efficient model for scaling-up?
- C What is the effectiveness and cost of a model that combines prevention, care, and support, and support for economic stability to youth?

APPENDIX K - MONITORING AND EVALUATION CONCEPTUAL FRAMEWORK AND MATRIX

Monitoring and Evaluation OVC Supplemental Funds and Programs

